

ADMINISTRATION AND FINANCE COMMITTEE

DATE: August 16, 2005

CALLED TO ORDER: 5:05 p.m.

ADJOURNED: 7:33 p.m.

ATTENDANCE

Attending Members

Jackie Nytes, Acting Chair
Vernon Brown
Lance Langsford
Lynn McWhirter
Mary Moriarty Adams
Lincoln Plowman

Absent Members

Joanne Sanders

AGENDA

BUDGET HEARING

Indianapolis Marion County Public Improvement Bond Bank
Bond Obligations//Debt Service
City-County Council and Clerk
Department of Administration
Administrative Services
Human Resources
Equal Opportunity
Building Authority
Channel 16/Cable Communications Agency

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, August 16, 2005. Acting Chair Jackie Nytes called the meeting to order at 5:05 p.m. with the following members present: Vernon Brown, Lance Langsford, Lynn McWhirter, Mary Moriarty Adams, and Lincoln Plowman. Absent was Joanne Sanders.

Barbara Lawrence, Executive Director for the Bond Bank, asked for consent to present the Indianapolis Marion County Public Improvement Bond Bank and Bond Obligations/Debt Service budget together. Consent was given.

BUDGET HEARING

Indianapolis Marion County Public Improvement Bond Bank

Ms. Lawrence gave an overview of the Bond Bank (Exhibit A, attached). The key points are as follows:

- The Bond Bank was created for three purposes: developing infrastructure, promoting education, and assisting in economic development.
- The primary function of the Bond Bank is to buy and sell securities of qualified entities (QEs include divisions of the City or County).
- The Bond Bank budget is approved by the Bond Bank board, and the process starts in September. The final budget approval is in December.

Katherine Aeschliman, Project Manager for the Bond Bank, stated some of the accomplishments of the bond bank in 2004:

- The bond bank secured financing for \$431 million in new bonds and refunding.
- Made \$56 million in principal payment on outstanding bonds
- The bond bank issued \$99.9 million notes in the first half (series A-D), and in the second half \$101.65 million (series E-H) was issued. Tax revenue anticipation notes are great for QEs that incur expenses on a daily basis.

Councillor McWhirter asked for clarification on the meaning of “refunding”. Ms. Lawrence said refunding means to refund the outstanding bonds with new issuance to receive the benefit of lower interest rates or taking the savings up front. Councillor McWhirter asked if any progress is being made to eliminate the United funding. Ms. Lawrence said there is still \$100 million in bonds that are still outstanding. The bonds are not paid off until 2017.

- The bond bank continues to maintain oversight of Union Station, work as a partner with the Conrad Hotel, and work with Community Development Corporations (CDCs).

Acting Chair Nytes asked how payments are being handled for the Brokenburr Housing Development. Ms. Lawrence said it is being paid by the Housing Tax Increment Financing (TIF). Acting Chair Nytes asked if anyone, to date, has applied to use the Charter School Facility funds. Ms. Lawrence said they are expecting their first application. Acting Chair Nytes asked how many employees are in the bond bank. Ms. Lawrence said there are 11 employees.

Councillor McWhirter asked for clarification on why their gross wages have increased. Ms. Lawrence said one person was added to the budget. Councillor McWhirter asked if the interest shown for the 2005 budget are projections. Ms. Lawrence said that at the time, interest rates were at a downward trend, and the interest, to date, has increased.

Councillor Moriarty Adams asked for clarification on the decline of Union Station's operations. Ms. Lawrence said the decline is due to the increase in lease revenue.

Bond Obligations//Debt Service

Ms. Lawrence explained the bond obligations and debt service (Exhibit B, attached) as follows:

- There is outstanding debt in the following types: \$441 million in redevelopment/TIF, \$226 million in General Obligation (GO), \$241 in revenue, and \$100 million in pension obligation bonds.
- Revenue sources used for the revenue bonds are: transportation (wheel tax revenues), Coffin/Riverside (golf revenues), flood control (storm water utility revenues), Fall Creek Place (hold TIF and lot sales), and Sanitation (sewer user fees).

Councillor Moriarty Adams asked if the pension obligation bond is for the Indianapolis Fire and Police Departments. Ms. Lawrence replied in the affirmative.

Acting Chair Nytes asked if the pension obligation bonds are backed by property taxes. Ms. Lawrence said they are payable by any available revenues.

Bart Brown, Chief Financial Officer for the Council, asked how many years the COIT Anticipation Note will be taken out. Ms. Lawrence said until 2008 (two years).

- The City has entered into an agreement with Eli Lilly Inc. to cover the remaining Harding Street debt service that TIF revenues are unable to cover.

Mr. Brown asked if the Redevelopment/TIF Debt Service table reflects defeasance or refunding. Ms. Lawrence replied in the negative and said the table reflects actual payments. Mr. Brown asked what happens if defeasance were added. Ms. Lawrence said the debt service payments would still be made and the numbers would not change.

Acting Chair Nytes asked how long the downtown redevelopment district debt service will occur. Ms. Lawrence said until 2029.

Mr. Brown asked what the Metropolitan Development Commission (MDC) certified for the replacement increment tax rate for next year. Ms. Aeschliman said it has not been adopted by the MDC, but she said the result will be \$5.8 million in levy.

City-County Council and Clerk

Jean Milharcic, Clerk of the Council, distributed the Council Office budget by Characters (Exhibit C, on file in the Council office) and said this exhibit reflects recent cuts made to the budget. She said approximately \$63,000 has been cut from the original proposed 2006 Council budget.

Councillor Plowman asked if the insurance in the budget includes Councillors and staff. Ms. Milharcic replied in the affirmative.

Department of Administration (DOA)

Collin Kebo, Acting Director DOA, presented the proposed 2006 budget for the DOA (Exhibit D, on file in the Council office). Key points of the presentation are as follows:

- Department of Administration and Equal Opportunity (DAEO) will replace the Department of Administration in 2006. The merging of the two departments will consolidate all City and County human resources and risk management functions under DAEO.
- The consolidation of departments will create one salary range and job classification system for all employees.

Councillor McWhirter asked how the department will be able to equalize pay between City and County employees. Mr. Kebo said the department is proposing to take a look at all the jobs of the City and County to create a new salary structure.

Councillor Brown asked if the consolidation will enhance the diversity in County employees. Robert Ransom, Administrator for the Division of Equal Opportunity (DOEO), said the City has been working extensively on diversity and is sure that diversity will be extended to the County as well.

- The proposed 2006 budget for DAEO is divided by division, and in both Administrative Services and Equal Opportunity there are proposed cuts. The overall reductions for DAEO represent \$129,841 (-3.4%).

Human Resources

Mr. Kebo presented an overview of the Human Resource (HR) Division (also found in Exhibit D). The key points are as follows:

- The City offers over 25 benefit programs (e.g. Wellness program, health, and dental insurance, etc.).
- HR maintains all personnel records of City employees.
- Consolidation of HR departments will create one source for City and County applicants to receive information on job openings and to send applications.
- HR consolidation will create one common job classification system, common salary grades, and salary administration policies.

Councillor Brown asked if the common job classification system will upgrade County employees that are doing similar jobs as City employees. Mr. Kebo said the department would like to do a study that evaluates the City and County jobs by job responsibilities. He said this study will bring out the similar job duties. Acting Chair Nytes said if Mr. Kebo is committing to doing the study then the committee would suspend the proposals that would allow increases for County employees. She said the study and the initiative proposed by the City will give a better and complete solution to the problem. Mr. Kebo suggested holding off on any decision regarding compensation until the study is completed.

Councillor McWhirter asked what will happen with the results found by the Council's salary study. Acting Chair Nytes said the Council study would be very valuable to the City's analysis. She said the City's initiative will take more steps in improving the situation than the Council study. Mr. Kebo said they plan to use the data from the Council's study.

- The consolidation will also merge the benefit programs to create a uniform benefit package for City and County employees.

Councillor McWhirter asked if the Wellness program, which County employees do not receive, has been a factor in the cost. Mr. Kebo said the cost of the various programs will be factored in the study.

Councillor Moriarty Adams asked if there are any other differences in programs of the City and County. Mr. Kebo said the City and County have different co-payments for primary care physician visits, and County employees have to wait 90 days for coverage, whereas City employees have to wait 45 days.

Acting Chair Nytes asked if the challenge of the HR consolidation is to do so without a net increase of cost. Mr. Kebo replied in the affirmative. Bob Clifford, City Controller, said the goal is to keep the net increase in cost around 12% for medical insurance for employees.

- HR proposed 2006 budget shows an increase in Character 01 due to a Full-Time Equivalent (FTE) transferring from the County HR department and includes the increase for health care coverage.
- The increase in Character 03 is due to the Information Services Agency (ISA) allocations.
- Total proposed increase for the HR department is \$60,958.

Equal Opportunity

Mr. Ransom gave an overview of the DOEO (also found in Exhibit D). Key points are as follows:

- The division's service area is in minority and women business development and utilization.
- The division contract bids evaluations and wage monitoring.
- The division is made up of seven employees.
- Minority Business Enterprises (MBEs) increased to 15% and Women's Business Enterprises (WBEs) increased to 8%.

Councillor Brown asked if the increase in MBE and WBE are actual numbers and not the goal of good faith effort. Mr. Ransom said the percentage increases are actual commitments rewarded to MBEs and WBEs.

- The DOEO proposed budget has reductions in Characters 02, 03, and 05 totaling \$3,754.

Acting Chair Nytes asked if any fees are paid for services through the division. Mr. Ransom said they are only receiving general government revenues.

Administrative Services

Mr. Kebo gave an overview of the proposed 2006 budget for the Division of Administrative Service (DOAS) (also found in Exhibit D). Key points are as follows:

- The Administrative services division serves all members of the community. These areas include Charter schools, after-school development, constituent services, and Latino affairs.
- Fifteen Charter schools have been sponsored by Mayor Peterson.
- In DOAS' proposed budget there is an increase in Character 01 which reflects the PERF and health increases. All other Characters have decreased totaling \$187,073.

Building Authority

Ronald Reinking, General Manager for Building Authority, distributed a summary of the proposed 2006 budget (Exhibit E, attached) and said Building Authority is a municipal corporation that provides property management services to the City and County. He said the Building Authority has no taxing authority and their only income is lease rental through the properties they managed for the City and County. He said all Building Authority properties have no increases, with the exception of Marion County Jail II which has a decrease of \$1,000. He indicated that there are some increases that are facing Building Authority without any increases in rent. Building Authority pays all utilities on their property, and electrical rates are increasing- adding \$200,000 to their budget if the weather is moderate for each season. Mr. Reinking said they have reduced four positions in their personnel, decreased window washing, reduced services in their cleaning contract, negotiated greater vendor discounts, etc. to try and offset the increases occurring in their budget.

Channel 16/Cable Communications Agency (CCA)

Rick Maultra, Director of Channel 16, read highlights of the CCA (Exhibit F, attached) and said there are some corrections to their budget. He said Line Item 344 (Printing and Copying Charges) should be the same as 2005 at \$1,200 vs. the \$10,000 proposed for 2006. This will be a savings of \$8,800. He said Line Item 110 (Salaries-Part Time and Temporary), should also be the same as 2005 at \$17,692 as opposed to \$30,961 proposed for 2006. He stated the revised 2006 budget should be \$677,260.

Acting Chair Nytes asked if Corporation Counsel will be in a position to assist the CCA in their negotiations for their franchise renewals. Mr. Clifford said Corporation Counsel does have someone assigned to assist.

Mr. Maultra said for 2005 the CCA has estimated that they will be bringing in over \$7 million in revenue to the City after expenses. He also stated that the CCA and Channel 16 are not funded by tax payer dollars, but by cable franchise fees.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 7:33 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JS/as

Administration and Finance Committee

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